

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 844 - SB 975**

March 29, 2021

**SUMMARY OF BILL:** Extends the *Tennessee Rural Hospital Transformation Act of 2018* from July 1, 2021 to July 1, 2024.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$430,000/FY21-22**  
**\$430,000/FY22-23**  
**\$430,000/FY23-24**

Assumptions:

- Pursuant to Tenn. Code Ann. § 4-3-722, the Department of Economic and Community Development (ECD) is required to manage a rural hospital transformation program (program), to support rural hospitals in assessing viability and identifying new delivery models, strategic partnerships, and operational changes that enable the continuation of needed healthcare services in rural communities.
- Based on information provided by ECD, qualifying hospitals interested in participating has declined in the program. Since enactment, a total of 14 hospitals have participated as follows:
  - FY18-19, eight hospitals;
  - FY19-20, four hospitals; and
  - FY20-21, two hospitals.
- According to the ECD the average cost per transformation plan for the last three years was \$215,000. ECD has not been able to provide the breakdowns per hospital for Fiscal Review staff to verify this amount.
- It is reasonably assumed an estimated two hospitals per year will apply and participate in the program over the course of the next three years.
- The increase in state expenditure is estimated to be \$430,000 (2 hospitals x \$215,000) in each year FY21-22 through FY23-24.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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